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# **F I F T H A N N U A L R E P O R T**

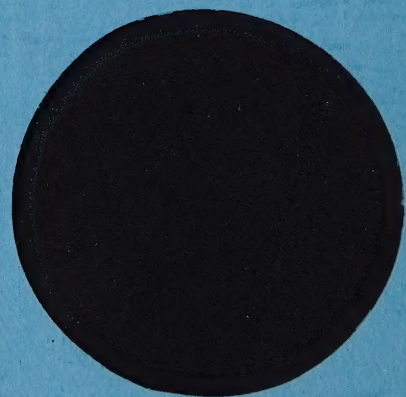
**FOR THE FINANCIAL YEAR  
ENDED NOVEMBER 30th, 1949**



**GLOBE OIL  
COMPANY LIMITED**

**CALGARY — ALBERTA**

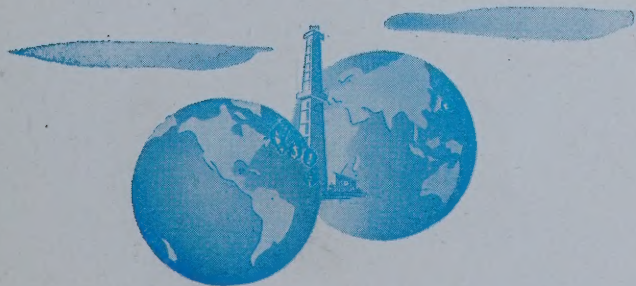






F I F T H  
A N N U A L  
R E P O R T

FOR THE FINANCIAL YEAR  
ENDED NOVEMBER 30th, 1949



GLOBE OIL COMPANY LIMITED

CALGARY

ALBERTA





# statistics

## GLOBE OIL COMPANY LIMITED

INCORPORATED APRIL 20th, 1944,  
UNDER THE COMPANIES ACT OF THE PROVINCE OF ALBERTA

### capital :

Authorized and Issued: 4,000,000 SHARES OF NO PAR VALUE.

### registered office :

308 Eighth Avenue West, CALGARY, Alberta.

### officers :

President -	-	-	-	-	-	-	-	CLIFTON C. CROSS
Vice-President -	-	-	-	-	-	-	-	JOHN PHILLIPS
Secretary-Treasurer and Administrative Director	-							J. H. R. THOMSON

### directors :

CLIFTON C. CROSS	JOHN M. DILLON
JOHN PHILLIPS	J. D. BOYD
LEONARD PHILLIPS	HAROLD E. HOLT
J. H. R. THOMSON	

### registrar and trustee :

PRUDENTIAL TRUST CO. LIMITED  
Calgary - Toronto - Vancouver

### auditors :

MORTON & HILLS  
Calgary



### wholly-owned subsidiary :

TAYLOR PETROLEUM OPERATORS LIMITED  
(CONSULTING AND OPERATING ENGINEERS)  
Calgary, Alberta



# president's report

TO THE SHAREHOLDERS,  
GLOBE OIL COMPANY LIMITED:

Your Company is now in its sixth year of operation.

As President of Globe since its organization, it seems to me that the time is opportune for a brief recapitulation of the progress of the Company from incorporation to date.

To our original shareholders this may appear like repetition, but I think there are enough new names on our books to justify the effort.

It is interesting to note that the gradual transformation of Globe from a semi-static royalty-holding company, operating almost entirely through a Trustee, to a vigorous, well-integrated producing organization, parallels to an appreciable degree the development of the Province of Alberta as the most promising oil and gas area on this Continent.

1944—Our first year of operation found us engaged in the acquisition of Turner Valley Royalties in exchange for Globe Stock at Twenty-five Cents a share. Sufficient royalties were obtained to enable your Directors to pay a dividend of One Cent per share on December 1st, 1944.

1945—During the second year further royalties were acquired. Your Company's portfolio at the 30th of November of that year was valued at \$243,542.42 and represented interests in 105 Turner Valley wells. Two dividends each of One Cent per share, were paid in 1945. Except for small participations in Alliance No. 1 and the P.S. & D. Princess-Globe No. 1, no development was undertaken.

1946—In 1946 the Company's royalty investments, which had a value of \$346,119.87 at the year-end, yielded an income of \$64,000.00. Two dividends of One and One-quarter Cents each were declared and paid during the year. Development on the "Joint-Venture" Plan was as under:

South Princess Syndicate	-	-	5%
Princess Brooks Syndicate (3 Wells)	-	-	6%
Quaich No. 1 Well	-	-	Share Interest
Midwest Syndicate	-	-	Share Interest
Brazeau Oil Co. Ltd.	-	-	Share Interest

One successful gas well was drilled on Princess Brooks acreage and sold to the Calgary Gas Co. at cost. All other ventures were unsuccessful.

1947—The year 1947 saw the discovery of the Leduc field and the emergence of Alberta as one of North America's great producing areas. Your Directors were most fortunate in securing, in conjunction with Leduc West Oil Co. Ltd. three 1/4-sections in Leduc at very reasonable prices. Development was started in June. By the end of the year, three excellent wells had been completed, and 17,000 barrels of crude, worth \$40,000, had been sold.

In the Lloydminster field, a joint venture in which your Company held a 25% interest was commenced. By the end of the year seven commercial wells had been drilled.

1947 income was summarized as follows:

Royalties and other investments	-	-	\$142,233.00
Leduc Production	-	-	17,457.00
Lloydminster Production	-	-	7,700.00
			<u>\$167,390.00</u>

Two dividends of 1 1/4 Cents a share were paid during 1947.



1948—The most sensational 1948 discovery was made by Imperial Oil Ltd. when it drilled Redwater No. 1 to completion in September, and opened up a field which is expected to contain forty-five sections. Unfortunately, few opportunities existed for the acquisition by Globe of oil lands in this district because the bulk of the acreage belongs to the Crown. Your Company had not sufficient resources to match the fabulous bids for drilling rights which were made by major companies after the discovery. In conjunction with Leduc West, East Leduc and British Empire, we drilled a well in the Redwater-Bruderheim area, some four miles south-east of Imperial Simmons No. 1. Gas was present in the lower cretaceous in some volume, but the D3 zone was found to be absent. The well was therefore abandoned.

Meanwhile, four satisfactory producers were drilled in Leduc. Gross receipts from all sources in 1948 amounted to \$439,881.00, or Eleven Cents a share on the 4,000,000 shares outstanding. Two dividends of Two Cents a share, involving \$158,000.00, were distributed, while over \$300,000.00 was reserved against development account.

#### 1949—ANOTHER YEAR OF PROGRESS

The year just past found so much production in Alberta that the refineries were obliged to pro-rate their acceptances of oil. The result was that, despite the completion of three more good producers at Leduc, the proceeds from our half share of production, and revenue from other sources, amounted to \$4,000.00 less than similar income for 1948.

#### DEPLETION AND DEPRECIATION

Again, as in 1948, it was considered advisable to take advantage of the present tax regulations which permit the setting up of full reserves against actual development costs. It is recognized that proceeds of oil sold is not income in the true sense of the word, as long as development costs remain un-provided for, and, while your Directors might have specified that a surplus be shown, by reducing the development allowance, it would then follow that such surplus would be subject to tax at the prevailing rates.

Therefore, while the Company received \$435,000.00 in cash during the year 1949, it reserved \$342,000.00 for depletion, development and depreciation, and paid \$160,000.00 to the shareholders in dividends, thus showing a deficit of \$67,000.00 on the year's operations.

#### DEVELOPMENT

Previous years' reports have given details of the Company's interests in the Quaich, Lloydminster, Princess, Jumping Pound, Bantry and other areas. These localities at the moment are not "hot," and until more interest is shown by others, it is not our intention to take the initiative in developing them. The acreage, therefore, can be considered as protection in case discoveries are made near-by.

Two areas of very definite promise were ear-marked by your Board for attention during the past year. They are near Stettler and Excelsior.

In the general Excelsior-Bon Accord district your Company, in conjunction with British Empire, East Leduc, Leduc West and Pacific Petroleums Ltd., drilled an exploratory well one mile south of Imperial Oil's producer—Bon Accord No. 1. Though the formation was porous, the well was too low on structure, and struck water. Late in the year, when Imperial discovered another structure at Excelsior, the same group of companies purchased from Pacific Petroleums a very attractive quarter-section just over one mile north



of Imperial Excelsior No. 1, and will do exploratory drilling thereon in the spring of 1950.

While your Company as yet owns no close-in Stettler acreage, it holds 180,000 shares of British Empire Oil Developments stock and will thus participate to a material extent in the good fortunes of that company which, in November, 1949, "proved up" a very valuable half-section at Stettler.

During the summer, with Redwater Leaseholds Ltd. as partner, Globe seismographed 12,000 acres at Hanna, on the central plains, and drilled a well in October to explore the resultant "high." As the well was dry, it is not considered likely that the reservation will be held for any great length of time, unless other operators with land in the vicinity are successful in their explorations in 1950.

#### ROYALTIES

At the last annual meeting the Shareholders empowered the Directors to dispose of the royalty holdings of the Company if advantageous bids were received. Since the meeting, the gross royalties in our portfolio have been disposed of on a very satisfactory basis. It is probable that net royalty holdings, which stand at \$265,000.00 will be sold during the coming year.

#### DIVIDENDS

The need for substantial cash reserves has been brought home to your Board on several occasions in the past. The Directors feel that, while the payment of dividends to Shareholders is one of the prime objects of the Company, the maintenance of a strong liquid position is of equal importance. You will be interested to know that since 1944, a total of \$482,000.00 has been disbursed to the Shareholders in the form of dividends.

#### 1950 — WHAT OF THE FUTURE ?

By December of this year the Inter-Provincial pipe line may be delivering oil at the lake-head. To fill it will require 1,800,000 barrels of crude. It is anticipated that production will be stepped up in the coming summer so that oil for this purpose may be accumulated.

Drilling costs are down. So are casing costs. The United Kingdom firm of Stewarts & Lloyds is now shipping A.P.I. pipe to this country at reasonable prices. This will tend to conserve U.S. dollars and at the same time assist Britain's export drive.

It is satisfactory to note that Eastern Canadian capital is finally entering the oil picture in a relatively substantial manner. Dome Mines Limited, an active Toronto mining firm, is planning to head a \$10,000,000.00 group which will bid on proven Crown reserve parcels in this Province.

Oil continues to be discovered in the most unexpected places. Our holdings, while not large in the aggregate, are strategically located, both as to oil and gas prospects. There is no telling when we may come up with a new discovery.

All of which is respectfully submitted.

CLIFTON C. CROSS,

President,

Calgary, Alberta,  
30th January, 1950.



# auditor's report

TO THE SHAREHOLDERS,  
GLOBE OIL COMPANY LIMITED:

We have examined the books and accounts of Globe Oil Company Limited for the year ended November 30th, 1949, and in accordance with the provisions of the Companies Act (Alberta), we report, that we have obtained all the information and explanations we have required.

The provision for depletion of royalty investment has been computed at the rate of twenty-five percent of royalty income.

Profits of the subsidiary company, Taylor Petroleum Operators Limited, have not been taken into account of Globe Oil Company Limited.

Globe Oil Company Limited is a guarantor to the Bank of Nova Scotia for Leduc West Oil Company Limited in the amount of fifty thousand dollars. The advance is secured by assignment of production to the bank of Leduc West Oil Company Limited interest in producing wells. There is also a guarantee of thirty-four thousand, two hundred and thirty dollars for Taylor Petroleum Operators Limited.

Subject to the foregoing, we report, that in our opinion, the attached Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of Globe Oil Company Limited as at November 30th, 1949, according to the best of our information and the explanations given to us and as shown by the books of the Company.

MORTON & HILLS.

Chartered Accountants,

Calgary, Alberta,



# BALANCE SHEET AS A

## assets :

### CURRENT ASSETS—

Cash in Bank .....	\$ 66,278.38
Accounts Receivable .....	33,388.70
Deposits .....	6,086.00
	<hr/>
	\$105,753.08

### TRUST RE DIVIDEND PAYMENTS—

Cash Held by Prudential Trust Company Limited .....	50,141.18
Royalty Income Accrued to Dividend Fund .....	13,557.55
	<hr/>
	\$169,451.81

### INVESTMENTS AT COST—

#### Held by Trust Company re Agreement:

Net Royalties .....	\$265,747.64
Debentures and Bonds .....	475.00
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	\$266,222.64
Less Reserve for Depletion .....	107,115.91
	<hr/>
	159,106.73
Investments in Other Companies—at Cost .....	120,230.95

#### Taylor Petroleum Operators Limited, a wholly-owned Subsidiary—

19,996 Shares of No Par Value .....	\$ 15,996.80
Advances .....	12,016.77
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	28,013.57

### FIXED ASSETS—

Machinery and Equipment—at Cost .....	\$154,575.88
Less Reserve for Depreciation .....	62,671.57
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	91,904.31

### DEVELOPMENT—

Wells—at Cost .....	\$638,980.37
Less Development and Depletion Reserves .....	553,537.42
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	\$ 85,442.95
Interest in Exploratory Drilling—at Cost .....	1,009.00
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	86,451.95

Leases and Reservations—at Cost .....	218,791.24
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### DEFERRED CHARGES—

Preliminary Expense .....	\$ 4,485.86
Alterations—Office Premises .....	556.25
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	5,042.11

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\$878,992.67

(This is the Balance Sheet referred to in the Report of Mo



# PANY LIMITED

ALBERTA

NOVEMBER 30th, 1949

## liabilities :

### CURRENT LIABILITIES—

Accounts Payable .....	\$ 10,040.46
Receiver General of Canada—	
Income Tax Deductions .....	189.12
Dividends Payable, December 1, 1949 .....	80,000.00
Unclaimed Dividends .....	532.00
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	\$ 90,761.58
Reserve for Estimated Provincial and	
Dominion Income Tax .....	8,507.09

### SHARE CAPITAL—

#### Authorized:

4,000,00 Shares Without Nominal or Par Value.

#### Issued and Fully Paid:

3,200,000 Shares for Cash .....	\$697,499.17
800,000 Shares for Leases .....	150,000.00
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	\$847,499.17
SURPLUS .....	67,775.17
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	779,724.00

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\$878,992.67  

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# GLOBE OIL COMPANY LIMITED

CALGARY

— ALBERTA

## STATEMENT OF INCOME and EXPENDITURE

For the Year Ended November 30th, 1949

Proceeds from Share of Production Obtained from from Interest in Wells .....	\$336,959.77
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### INCOME FROM INVESTMENTS HELD BY TRUSTEE UNDER TRUST AGREEMENT—

Net Royalty Income .....	\$ 92,611.78	
Gross Royalty Income .....	19,104.54	
Debentures .....	15,030.47	
Shares .....	744.56	
	<u>\$127,491.35</u>	
Deduct 25% Depletion .....	<u>31,872.83</u>	95,618.52

### OTHER INCOME—

Bond Interest .....	340.80
Dividends .....	1,002.00
Interest .....	1,086.70
	<u>\$435,007.79</u>

### ADMINISTRATIVE AND GENERAL EXPENSE—

Advertising .....	\$ 2,190.97	
Interest, Exchange and Bank Charges .....	995.68	
Legal and Audit Fees .....	1,381.04	
Miscellaneous Office Expense .....	159.63	
Telephone and Telegraph .....	214.78	
Travelling .....	2,116.07	
Transfer Fees, Trustee Fees and Expenses .....	3,009.63	
Registration Fees .....	74.20	
Statistical Services .....	476.76	
Stock Exchange Fees .....	50.00	
Geological, Surveys, Etcetera .....	4,266.67	
Rent, Light, Alterations .....	421.86	
Salaries .....	10,400.00	
Stationery, Printing, Postage .....	566.67	
Directors' Fees .....	840.00	
Miscellaneous .....	808.25	\$ 27,972.21

### RENTALS, TAXES AND ASSESSMENTS—

Lease Rentals .....	\$ 9,686.83		
Taxes .....	400.94	10,087.77	38,059.98

### NET PROFIT BEFORE PROVIDING FOR THE UNDERNOTED .....

Depreciation .....	\$ 36,620.57	\$396,947.81
Development Allowance .....	215,526.82	
Abandoned Wells .....	<u>90,643.82</u>	<u>342,791.21</u>

NET INCOME CARRIED TO SURPLUS ACCOUNT .....	<u>\$ 54,156.60</u>
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# GLOBE OIL COMPANY LIMITED

CALGARY

— ALBERTA

## SURPLUS ACCOUNT

AS AT NOVEMBER 30th, 1949

Balance Forward, November 30th, 1948 .....	\$ 3,505.07	
Dividend Paid June 1st, 1949 .....	\$ 80,000.00	
Dividend Payable, December 1st, 1949 .....	80,000.00	
Provincial Income Tax, 1947 and 1948 .....	6,317.15	
Provincial Income Tax, 1949 .....	2,761.63	
Development Allowance—		
Standard Pacific Petroleum Syndicate .....	4,585.98	
Adjustment re Tax Credit		
Standard Pacific Petroleum Syndicate .....	1524.51	
Transfer to Reserve for Estimated Income Tax re Tax Credit Standard Pacific Petroleums Syndicate—26 2/3% of \$1,524.51 .....		571.69
Profit on Sale of Shares Held for Investment .....		49,453.74
Net Income for Year Ended November 30th, 1949, Carried from Statement of Income and Expenditure .....		54,156.60
	\$175,462.27	\$107,687.10
Balance at Debit, November 30th, 1949 .....		67,775.17
	\$175,462.27	\$175,462.27



# tank farms

Two of Globe's Leduc Installations in Which Leduc-West Oil  
Company Limited is a Fifty-Fifty Partner.

tank farm number 1.



tank farm number 2.



# holdings

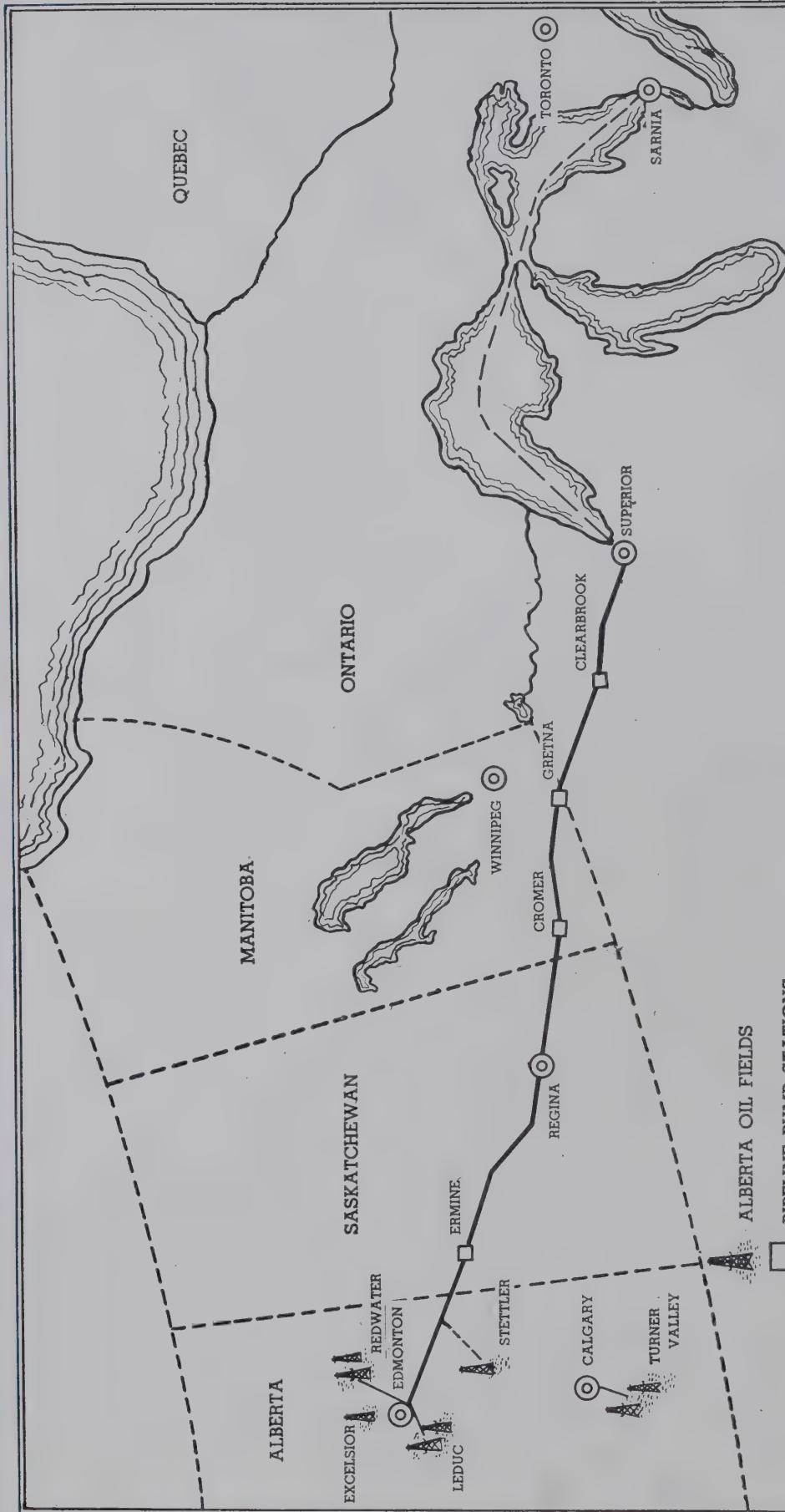
(wholly owned except where indicated.)

JUMPING POUND	- - - -	280 acres in Sec. 22-24-4-W5.
QUAICH	- - - -	360 acres in Sec. 22 and 23-9-3-W5. 160 acres in Sec. 34-9-3-W5. 80 acres in Sec. 35-9-3-W5. 80 acres in Sec. 2-10-3-W5.
LEDUC-NISKU	- - - -	NE $\frac{1}{4}$ of 34-50-26-W4—( $\frac{1}{2}$ interest with Leduc West) SW $\frac{1}{4}$ of 19-50-26-W4—( $\frac{1}{2}$ interest with Leduc West) NW $\frac{1}{4}$ of 15-49-24-W4—( $\frac{1}{2}$ interest with G.E.L. Oils Ltd.) L.S. 2-1-51-25-W4.
STETTLER	- - - -	All of Sec. 7-37-22-W4—( $\frac{1}{3}$ interest with Leduc West and East Leduc)
BANTRY	- - - -	C.P.R. Permit covering 21,840 acres in Township 16, Ranges 14 and 15, W4. C.P.R. Permit covering 720 acres in Township 16, Range 13, W4. C.P.R. Permit covering 720 acres in Township 16, Range 14, W4. NW $\frac{1}{4}$ 21-16-15-W4—( $\frac{1}{2}$ interest with Wessex).
PINCHER CREEK	- - - -	E $\frac{1}{2}$ of 2-5-30-W4.
CAMPBELL	- - - -	S $\frac{1}{2}$ of 31-54-25-W4—( $\frac{1}{6}$ interest with Syndicate). 175 acres in 16-54-25-W4—( $\frac{2}{3}$ interest with British Empire).
BIRCH LAKE & KILLAM	- -	162 acres in Sec. 19-50-11-W4. SE $\frac{1}{4}$ of 15-49-11-W4. N $\frac{1}{2}$ of 6-50- 9-W4—( $\frac{1}{2}$ interest with British Empire). N $\frac{1}{2}$ of 35-44-14-W4.
FORT SASKATCHEWAN	- -	River Lot No. 1—Fort Saskatchewan—356 acres.
PRINCESS	- - - -	C.P.R. Permit covering 1561 acres in Townships 18 and 19, Ranges 12 and 13, W4.
EXCELSIOR - BON ACCORD	-	SW $\frac{1}{4}$ of 33-55-22-W4—( $\frac{1}{4}$ interest with British Empire, Leduc West and East Leduc). NE $\frac{1}{4}$ of 17-56-23-W4 } ( $\frac{1}{8}$ interest with British Empire, and } Pacific Pete, Leduc West and NW $\frac{1}{4}$ of 9-56-23-W4 } East Leduc). SE $\frac{1}{4}$ of 16-56-24-W4—( $\frac{1}{4}$ interest with British Empire, East Leduc and Leduc West).
ONOWAY	- - - -	NW $\frac{1}{4}$ of 35-54-2-W5.
LLOYDMINSTER	- - - -	400 acres in 36-49-1-W4. S $\frac{1}{2}$ of 2-50-1-W4.
HALLADAY-HANNA	- - -	Alberta Government Reservation—( $\frac{1}{2}$ interest with Redwater Leaseholds). 12,320 acres in Township 28, Ranges 12 and 13, W4.

The Leases and Permits mentioned herein, totalling 43,094 acres, cover most of the important semi-proven territory south of Redwater.

SASKATCHEWAN	- - -	9/31 of 1% gross royalty in 1,550,000 acres now being explored by Sohio Oil Company. 1/18 of 1% gross royalty in 9,000,000 acres now being explored by Tidewater Oil Company and Associates.
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#### ALBERTA OIL FIELDS



EDMONTON TO REGINA	450 MILES
20" Pipe — 95,000 Barrels/Day	
REGINA TO GREYNA	340 MILES
16" Pipe — 70,000 Barrels/Day	
GREYNA TO SUPERIOR	360 MILES
18" Pipe — 70,000 Barrels/Day	

#### "GROWING PAINS" DECLINING

The bottleneck of the Canadian petroleum industry is now the economic transportation of crude production to the market. Already one large pipe line from Edmonton to the Great Lakes at Superior, Wisconsin, is being laid. Others possibly to the Pacific Coast and over the International Border, will be constructed as soon as increased proven oil reserves warrant. In the meantime, the "growing pains" which appear to be a normal characteristic of any rapidly expanding oil development will continue. Undoubtedly, some investors failing to appreciate the situation will express disappointment because returns on their capital have not materialized at the anticipated rate. However, there is no hesitancy by the geologist, the "tool pusher," the "roughneck," or the executive who has staked his very reputation in putting them in the field. The vindication of nearly three decades of courage and dogged determination is in sight. The plains of Western Canada are yielding their oily treasure. The risks were great but the rewards are even greater.

— Courtesy JAMES RICHARDSON & SONS,  
Western Canadian Oils, 1950.



# canadian oil exports

Possibility of future oil exports from Canada is beginning to provide an increasingly favourite topic of debate within the industry. The debate at present is on a purely academic level because Canada has no oil for export. But what about a year or so from now when the Edmonton-Superior pipeline is completed and the production potential triple the present allowables? And in the not-too-distant future when further expanded western oil production will at least equal our annual consumption?

Geographic and economic factors possibly will always prevent Canada from filling her entire requirements from domestic production. That being the case, a substantial percentage of production of necessity will have to be marketed elsewhere. The logical market is in certain international boundary areas of the middle western and western United States.

The big question, therefore, is this: Will U.S. producers with ample reserves of their own on hand, take kindly to the "horning in" of an oil-rich neighbour suddenly transformed from Buyer to Seller? How will they feel if they have to cut back sales by say, 100,000 or 150,000 barrels daily to accommodate the influx of that much Canadian oil?

Formidable and distasteful as the problem may be, we believe it will be resolved by the overall requirements of hemisphere defense. Substantial and assured Canadian oil reserves, developed to the point where they can be used immediately, constitute a degree of security for all that transcends individual and personal hardships, slight as they may be. We believe the question will be settled on that basis when—and if—Canada gets into the oil export market.











